

April 14, 2011

***By Electronic Delivery***

Jennifer J. Johnson, Secretary,  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW.  
Washington, DC 20551  
Attention: Docket No. R-1408

Re: Equal Credit Opportunity Rule Amendments

Ladies and Gentlemen:

This letter is submitted on behalf of Wolters Kluwer Financial Services (“WKFS”) in response to the Notice of Proposed Rulemaking (“Proposal”) published in the Federal Register on March 15, 2011 on the above-referenced rule changes. The Proposal requested public comment on proposed changes to the adverse action model notices in the board’s Regulation B. WKFS appreciates the opportunity to comment on this very important matter.

WKFS provides compliance solutions including deposit, lending, and IRA documents, disclosures, software, training, and support services to thousands of financial institutions, including the vast majority of banks in the U.S. In addition, many core processors and software developers use WKFS’ compliance-related documents and other components in their products. Included in WKFS’ solutions are adverse action notices that meet the requirements of the Equal Credit Opportunity Act as well as the Fair Credit Reporting Act.

WKFS supports the Board’s design of the proposed new model forms. There is one question that we believe that the Board should clarify in issuing its final rules, however. Section 1100F of Dodd-Frank provided that the information to be added to adverse action notices was information about “a numerical credit score as defined in section 609(f)(2)(A)” of the Fair Credit Reporting Act. That section reads in relevant part:

“The term “credit score”—

(i) means a numerical value or a categorization derived from a statistical tool or modeling system *used by a person who makes or arranges a loan* [italics added] to predict the likelihood of certain credit behaviors, including default (and the numerical value or the categorization derived from such analysis may also be referred to as a “risk predictor” or “risk score”)...”

Although adverse action notices are sometimes used for actions taken in connection with deposit account applications, it would appear that the qualifying phrase “used by a person who makes or arranges a loan” in the definition above limits the required inclusion of credit score information to lending situations only. It would be very helpful to financial institutions that use

adverse action forms if the final rules addressed whether the new model forms were either required or intended to be used for adverse action notices arising from deposit situations.

In conclusion, WKFS supports the proposed design of the new model forms and encourages either issuance of final rules as quickly as possible, or in the alternative, a period of optional compliance that extends beyond the mandated effective date.

If you have any questions concerning these comments, or if we may be of any assistance in connection with this matter, please do not hesitate to contact me at (320) 240-5769.

Sincerely,

Theodore D. Dreyer  
Senior Attorney